

ARCUTTIPORE TEA COMPANY LIMITED



**Annual Report & Accounts
For the year ended 31st March
2008**

ARCUTTIPORE TEA COMPANY LIMITED

BOARD OF DIRECTORS :

SHRI U. S. BAJORIA

SHRI HARSH KUMAR BAJORIA

SHRI CHANDI PRASAD PODDAR

- **Chairman**
- **Managing Director**
- **Director**

SHARE REGISTRARS :

MCS LIMITED

77/2A, HAZRA ROAD

KOLKATA - 700 029

AUDITORS :

ARUNABHA GANGULY

CHARTERED ACCOUNTANTS

BANKERS :

CENTRAL BANK OF INDIA

KOLKATA MAIN BRANCH

KOLKATA - 700 001

REGISTERED OFFICE :

MMS CHAMBERS, 1st FLOOR

4A, COUNCIL HOUSE STREET

KOLKATA - 700 001

PHONE : (033) 3259 1972

FAX : (033) 2231 1933

GARDEN :

ARCUTTIPORE TEA ESTATE

SILCHAR, CACHAR, ASSAM

ARCUTTIPORE TEA COMPANY LIMITED

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their 139th Annual Report and the Audited Accounts of the Company for the year ended 31st March 2008.

	For the Year ended 31st March 2008 Rs.	For the Year ended 31st March 2007 Rs.
Profit/Loss before depreciation	(40,31,940)	(63,18,765)
Provision for depreciation	12,33,989	12,43,012
Profit/Loss after depreciation	(52,65,929)	(75,61,777)
Provision for Taxation	—	—
Profit /Loss after tax	(52,65,929)	(75,61,777)
Loss b/f from previous year	10,85,61,132	10,09,99,355
Transfer from investment Allowance Reserve	—	—
Transfer to Balance Sheet	(11,38,27,061)	(10,85,61,132)
Profit available for appropriation	NIL	NIL

CROP

During the current year, your directors report that there was no production of made tea as compared to 305120 Kgs of made tea during the previous year and the reason for no production was that the company could not restore the electricity and could not make fuel arrangements due to acute shortage of fund. Hence, the company was forced to sell the entire production of 1762825 kgs green leaf during the year as compared to sale of 435238 kgs green leaf in the previous year.

Due to acute shortage of fund, and non payment of statutory dues and liabilities over the years & no financial assistance from any corner, the company has not been able to re-commence production during the current year too, and has been continuing selling green leaf during the current year at the moderate rate for meeting the labour payments and consequential overheads.

PERFORMANCE

Your Directors report that the Company has incurred gross loss of Rs. 52,65,929/- for the year from the operation as compared to a gross loss of Rs. 7561777/- for the previous year, mainly due to shortage of fund causing non restoration of electricity and fuel to re-start production even at higher cost of production against the net realizable amount coupled with unfavourable climate, erratic and undistributed rain causing fall in production of Tea from its estimations.

FUTURE PROSPECTS

Your Directors would like to specifically mention that there has been improvement in demand of tea in the domestic market as well as overseas market in the current year but due to huge losses and acute shortage of funds coupled with unfavourable climate, erratic and undistributed rain in the present year, the company has not been able revive the situation and has been facing huge losses and abnormal damages to the garden and plant & machinery on account of poor maintenance and the loss of production. The company would not in a position to reap and maintain margins and would not show good results even in the present year. Moreover, the company's net worth has eroded and has been facing financial crisis continuously. Your directors have been planning to take proceedings with the BIFR authority, seeking restructuring and revival package / scheme envisaging revival and several benefits for the interest of the company unless there is financial support from the banks & financial institutions..

DEPOSITORY SYSTEM

The Company's equity shares are listed on the Regional Stock Exchanges at Bombay, Kolkata, for transaction of shares in demat form. The shares of the Company are tradable in demat form. Your Company also offers transfer-cum-demat facility to expedite the transfer process. The listing fees with The Exchanges are not yet paid.

INDUSTRIAL RELATION

During the year under review, your Company continued to maintain cordial and mutually helpful relationship with its employees. The Board records its deep appreciation of the co-operation and support extended by employees at all levels and looks forward to their total involvement and in pertaining the over all improvement of the Company.

PARTICULARS OF EMPLOYEES

The Company had no employee drawing more than Rs.24,00,000/- per year or Rs. 2,00,000/- per month during the year and as such the particulars as required u/s 217(2A) of the Act are not required.

In terms of Section 217 of the Companies Act 1956, your Directors state that:

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed and there have been no material departure.
- (b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year.
- (c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the Company.
- (d) The Directors had prepared the annual accounts on a going concern basis.

DIRECTORS

Mr. Chandi Prasad Poddar retire at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

Mr. Harsh Bajoria, the Managing Director of the company, has informed that in view of huge losses and continuous financial crisis even in the current year, he had forgone his basic remuneration as reported in the last General Meeting of the company, and he continues to render his services as managing director as he has been rendering in earlier periods, even without remuneration until and unless the company starts making reasonable profits in years to come. The company took on record the appreciation of services rendered Mr. Harsh Bajoria during the year and his continued support.

CORPORATE GOVERNANCE

The Company's Philosophy

The Company believes and its essence that the core values of the Company's Corporate Governance are transparency, Professionalism, Accountability, Fairness and social Responsibility. It is continuous endeavor of the Company to fulfil these objectives and enhance the wealth generating capacity, keeping in mind long term interest of the shareholders

Board of Directors: -

The Board consisted of 3 (Three) Directors as on 31.3.2008 with a Non-Executive Chairman, Executive Managing Director and 1 (One) non-Executive Directors. Their particulars and attendance at Board Meetings and AGM are given below:

Sl No.	Name	Status	No. of Board Meeting Attended	Attendance at the Last EGM/ AGM	Other Company			
					Board of Directors		Board Committee	
					Chairman	Member	Chairman	Member
1	Mr. U. S. Bajoria	Non-Executive Chairman	Nil	No	-	Nil	-	-
2	Mr. H. K. Bajoria	Executive Managing Director/Promoter	5	Yes	-	19	-	-
3	Mr. C. P. Poddar	Non-Executive Independent Director	5	Yes	-	10	-	-

Board Meeting held during the year: -			
Sl No.	Date of Meeting	Board Strength	No. of Directors Present
1	April 29, 2007	3	2
2	July 28, 2007	3	2
3	September 3, 2007	3	2
4	October 29, 2007	3	2
5	January 30, 2008	3	2

AUDIT COMMITTEE**Terms of Reference & Composition**

The terms of reference of the committee cover the matters specified for Audit Committee under Clause 49 of the listing Agreement as well as in Section 292A of the Companies Act, 1956.

Name of Directors	No. of Meeting	No. of Meeting attended
Sri C. P. Poddar	4	4
Sri U. S. Bajoria	4	4

Remuneration of Directors

Name of Director	Sitting fee Paid For Board Meeting	For Committee Meeting	Salary & Perks	Total
Mr. U. S. Bajoria	-	-	-	-
Mr. H. K. Bajoria	-	-	-	-
Mr. C. P. Poddar	-	-	-	-

* Includes perquisites

1. The Agreement with Mr. H.K.Bajoria, Managing Director is a period of 5 years.
2. The Company does not have any employee Stock Option scheme.

Shareholders/ Investor's Grievance Committee: -

The Committee consists two Directors viz Sri C.P.Poddar and Sri U.S.Bajoria and the grievances received were dealt with at its meetings. Sri Naresh Shah is the Compliance Officer of the Company. During the year, two complaints were received from the shareholders, all of which have been resolved to date. The Company has no transfer pending at the close of the financial year.

Annual General Meeting

The last 3 (Three) Annual General Meetings were held as follows. No Extra Ordinary General Meeting was called during the period.

Year ended	Date of meeting	Time	Venue
31.3.2007 (138th AGM)	29.9.2007	3.00 P.M.	HOTEL HAVELI 17, Balmukund Macker Road, Kolkata - 700 007
31.3.2006 (137th AGM)	28.9.2006	3.00 P.M.	HOTEL HAVELI 17, Balmukund Macker Road, Kolkata - 700 007
31.3.2005 (136th AGM)	29.9.2005	3.00 P.M.	HOTEL HAVELI 17, Balmukund Macker Road, Kolkata - 700 007

All the resolutions set out in the respective notices were passed by the shareholders.

No special resolution was passed during the year.

No postal ballots were used for voting at these meetings.

At the forthcoming Annual General Meeting, there is no item on the agenda that needs approval by postal ballot.

Management Discussions and Analysis Report

Pursuant to Clause 49 of the Listing Agreement, a Management Discussion and Analysis Report is given below:

a) Industry Structure and Developments

The tea industry is improving situation of supply exceeding demand. With the sale volume remaining almost moderate and with lower realisation, the margins are under pressure. The Company's brands not continued to sell due to shortage of fund and has been selling green leaf

But at lower margins. The step taken for cost control, quality up gradation as well as marketing policy are expected to improve the margins in future.

b) Opportunities and Threats

As your company's produce is presently not exported, it is not exposed to the vagaries of the export market.

c) Segment-wise or product-wise performance

In spite of the industry continuing to operate under difficult conditions, the performance of your company was somewhat sustained due to its branding initiatives.

d) Outlook

It is hoped that the industry will improve, with the demand for exports picking-up in due course.

e) Risks and concerns

The availability of new land for cultivation continues to be a constraint. The steps taken for increasing the yield as well as the replantation programme being pursued by the Company will enable the company to revive and sustain its manufacturing capacities provided the company gets financial support from the concerned institutions.

(f) Internal control systems and their adequacy

The system of internal control is commensurate with the size and nature of the business of the Company. The systems are regularly reviewed to ensure its effectiveness.

(g) Discussion on financial performance with respect to operational performance

These have been covered in the Director's Report specifically under the section on Financial Results and operations. The statement of accounts shows that the net worth of the company has eroded due to operational activities.

h) Material developments in Human Resources / Industrial Relations front, including number of people employed

The Company continues to lay emphasis on training and development of its human resources. The requirement of professionally qualified and trained personnel is regularly reviewed to obtain optimum results in all spheres of its activity.

The Company continued to maintain healthy and cordial Industrial relations at all its production facilities. It also strives to maintain the best of relations with its employees and ensure providing all mandatory facilities to them.

General Shareholder's information.

Annual General meeting- Date, Time, Venue.

139th Annual general Meeting of the Members of the Company would be held on Monday, the September 29, 2008 at 3.00 P.M at Hotel Haveli, 17 Balmukund Macker Road, Kolkata 700007.

Date of Book closure.

The Register of Members of the Company will remain closed from September 25, 2008 to September 29, 2008 (both days inclusive) for the purpose of Annual General meeting of the Company.

No dividends declared during the year.

Registered Office of the Company:

**4A, Council House Street,
Dewar's Garage, 1st Floor,
Kolkata 700 001**

Registrar and Transfer Agents.

M/s. MCS Ltd. of 77/2A, Hazra Road, Kolkata 700 029 are the Company's RTA, including dematerialized segment.

Share Transfer System

The Company shares are compulsorily traded in the demat form for all category of shareholders. All transfers are debited/credited through the respective Accounts maintained with the Depository participants (DPs) of the investor.

Listing on Stock Exchanges: -

Shares are presently listed on four Stock Exchange viz. The Kolkata Stock Exchange Association Ltd. (Regional), and The Bombay Stock Exchange, Mumbai.

Company's stock code: -

Kolkata Stock Exchange

011062

Mumbai Stock Exchange

530261

Demat ISIN number for NSDL & CDSL

INE674C01010

Financial Calendar:

The Company's financial year is from April 01 to March 31 of the following year. The calendar for 2007-2008 has been as follows: -

Un-audited results for the Quarter Ended	Approved by the Board of Directors
30.06.2007	28.07.2007
30.09.2007	29.10.2007
31.12.2007	30.01.2008
31.03.2008	30.04.2008

Financial Audited Results approved by the Board of Directors on 03.09.2008

Annual General Meeting for the year-ended 31.3.2007 held on 29.9.2007.

Distribution of Shareholding 2007-2008

Block of Shares	No. of Shareholders	Percentage (%)	No. of Shares	Percentage (%)
1- 500	2033	92.3671	247089	4.9256
501-1000	62	2.8169	50864	1.0140
1001-2000	38	1.7265	56451	1.1253
2001-3000	9	0.4089	22106	0.4407
3001-4000	8	0.3635	30303	0.6041
4001-5000	6	0.2726	27102	0.5403
5001-10000	7	0.3180	53439	1.0653
10001-above	38	1.7265	4529026	90.2847
Total	2201	100.0000	5016380	100.00

Shareholding Pattern: -

The Shareholding pattern of the equity share capital of the Company as on March 31, 2008 was as follows:

Category	No. of Shareholders	Shares held	% of Share
Promoters	21	1553729	30.97
Foreign Institutional investors	Nil	Nil	Nil
Non - resident Indian	Nil	Nil	Nil
Overseas Corporate Bodies	Nil	Nil	Nil
Domestic Companies	62	2778115	55.38
Foreign Direct Investment	Nil	Nil	Nil
Mutual Funds	Nil	Nil	Nil
Banks	2	100333	02.00
Indian Public	2116	584203	11.65
Financial Institutions	Nil	Nil	Nil
Total	2201	5016380	100.00

Address for Correspondence

MCS Limited

77/2A, Hazra Road, Kolkata 700 029

Plant Location

Arccutipore Tea Estate

Po. Silchar, Dist. Cachar, Assam.

Disclosures

1. There are related party transactions made by the Company with its promoters, the Directors or management or relatives that may not have potential conflict with the interest of the Company at Large. Transactions with the relative parties are disclosed in note no B 27 of schedule D to the Accounts in the Annual report. Compliances in this regard, wherever necessary, in terms of the Companies Act, 1956 are being carried out.
2. During the last three years, there were no strictures or penalties imposed by either SEBI or the Stock Exchange or any statutory for non-compliance of any matter related with the capital Markets.
3. The Company has not adopted Non mandatory requirements.

Auditors Certificate on Corporate Governance

The Company has obtained a certificate from its statutory auditors regarding compliance of requirements of Corporate Governance as stipulated in Clause 49 of the Listing agreement with Stock exchanges and the same is annexed. The Certificate will also be sent to the Stock exchange along with the Annual report by the Company.

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

The information required under Section 217(1) (e) of the Companies Act read with Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988 are set out in an annexure hereto forming part of the report.

AUDITORS

M/s Arunabha Ganguly, Chartered accountant and the Statutory Auditors, retires at the ensuing Annual General Meeting of the company, and being eligible, has expressed his willingness to be re-appointed.

APPRECIATION

Your Directors wish to place on record their appreciation of the support, which the Company continues to receive from the Government, Bankers and business associates. Your Directors also place on record their appreciation of the wholehearted support extended by the shareholders and the employees & workers of the company.

For and on behalf of the Board

Kolkata
The 3rd September, 2008

Arcuttipore Tea Company Limited

Annexure to the Director's Reports

Statement of Particular Under the Companies (Disclosure of Particulars in the Reports of Board of Director) Rules, 1988.

1) CONSERVATION OF ENERGY:

a) Energy Conservation Measures Taken:

All Possible measures and precautions are being taken to reduce the consumption of energy.

b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy : Nil

c) Impacts of measures taken at (a) and (b) for reduction of energy consumption and consequent impact on the cost of Production of Goods : Not Ascertainable.

d) The relevant figures are given below:

A Power & Fuel Consumption :

	2007-2008	2006-2007
i) Electricity		
A) Purchased - Units	-	257,828
Total Amount	-	Rs.2041552
Rate/unit	-	Rs.7.92
b) Owner Generation :-	-	88,419
From DG sets - Units	-	2.50
Units /ltr. Of Diesel	-	Rs.13.20
Cost/Unit	-	
ii) Furnace Oil for Tea Processing		
In withering and Drying	-	-
Quantity (K.ltrs)	-	-
Total Cost	-	-
Average Rate (Per K. Ltr)	-	-
iii) Coal :-		
Quantity (M.T)	-	383.79
Total Cost (Rs.)	-	1,039,088
Average Rate (Rs. Per M.T.)	-	2,707
iv) H. S. D. Oil for Transport and		
Material Handling		
Quantity (K. Ltrs)	3.53	5.10
Total Cost (Rs.)	112017	168,095
Average Rate (Rs. Per K. Ltrs)	3179	32,960
v) Petrol for Transport and		
Material handling		
Quantity (K.Ltrs)	1.03	2.07
Total Cost (Rs.)	48091	101,078
Average Rate (Rs.per K.Ltrs)	4669	48,829
vi) Consumption per unit of production :		
a) Electricity Consumed - Units	Nil	346,247
Total Production - Tea (kg)	Nil	305,120
Consumption per kg- Units	Nil	
B) Furnace Oil for Tea Processing :		
Quantity Consumed (K.ltrs)	Nil	-
Total Production - Tea (kg)	Nil	305,120
Consumption per Kg.- Ltrs.	Nil	

2) RESEARCH AND DEVELOPMENT :

- 1) Specific area in which R&D is carried out by the Company
- 2) Benefits derived as a result of the above R & D
- 3) Future Plans of Action
- 4) Expenditure on R & D

The company subscribes to Tea Research Association which is Registered U/s 35(1) (ii) of the income tax Act 1961

3) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

- 1) Efforts made
- 2) Benefits derived as a result of above effort
- 3) Imported technology in the last five years

Not Applicable

4) FOREIGN EXCHANGE EARNINGS AND OUTGO

- A) Expenditure in Foreign Currency

For and on behalf of the Board

Kolkata
The 3rd September, 2008

H. K. Bajoria
Managing Director